



Testimony on SB 237

Chairman Nofs and Members of the Energy and Technology Committee

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Thank you for the opportunity to submit written testimony to the Senate Energy and Technology Committee regarding SB 437. While NRDC very much appreciates that the legislation includes a much-needed clarification of the Commission's authority to approve decoupling mechanisms for electric utilities and authorizes on-bill financing for home energy improvements, these are two bright spots amidst an otherwise problematic bill.

Senate Bill 437 hopes that the clean energy vision that both Senator Nofs and Governor Snyder have championed will be attainable through an adjusted Integrated Resource Plan (IRP) process, but the state deserves assurances not just hope. Furthermore, as written, instead of providing hope, the IRP would saddle the state and its consumers with unnecessary costs associated with investment in new and existing power plants as a result of the serious disadvantage both energy efficiency and true renewable energy suffer.

We maintain that an IRP is an insufficient replacement for energy optimization standards and renewable energy standards. The standards must be maintained. However, an improved and complementary IRP process can also be an asset for the state. It is NRDC's hope that the Energy and Technology Committees will consider the following changes which are necessary to ensure that the enormous benefits of clean energy are captured. Our list is not exhaustive, but does represent our view of the most critical ways in which the bill should be improved before further consideration.

- Maintain, don't repeal, the energy optimization standard for electric utilities
- Retain the renewable energy standard and increase the standard to 25-30% by 2025.
- Eliminate artificial caps on the budgets for energy efficiency as long the utility efficiency portfolio is, on the whole, cost-effective.
- Require utilities to include all of the cost-effective potential for energy savings in their plans before the utility is able to invest in supply side resources.
- Retain the current law requiring the Commission to value energy efficiency and seek ways to promote energy waste reduction.
- Tighten up the definition for "clean" energy past anything that is not illegally polluting.
- Value renewable energy. Consideration of renewable energy is undermined by assigning no value at all to environmental benefits that extend beyond minimal

compliance with federal regulations and requiring resources to compete mostly on the basis of their value as a capacity resource – rather than on the basis of all costs of generating, transmitting and delivering electricity.

- Maintain the certificate of need showing that the power is needed and could not be supplied by lower cost and more beneficial alternatives.
- Remove provisions (subsection (7) and subsection (12) of section 6s) allowing for the preapproval of resources in an IRP that insulate utilities from scrutiny of their investments.
- Remove the language allowing utilities to earn a rate of return on power purchase agreements given that a profit for the generating companies are already built into the purchase price, and the cost of the utility delivering that power is already included in base rates.
- Include the words “symmetrical” and “true-up” in the language clarifying the Commission’s authority to approve proposals to decoupling utility revenues from electricity sales.

Clean energy works for Michigan. It boosts the economy while securing a healthy, affordable and reliable future for its citizens. With these changes as a start, we can avoid straying from the history of successful policies in Michigan and turn this bill into a true vehicle for achieving a clean energy future.